

December 11, 2000

TO: Senator Sid Snyder, Chair  
Senator Dan McDonald  
Representative Hans Dunshee  
Representative Brian Thomas  
Fred Kiga, Director Department of Revenue  
Marty Brown, Office of Financial Management

FROM: Chang Mook Sohn, Executive Director  
Office of the Forecast Council

SUBJECT: DECEMBER 10, 2000 REVENUE COLLECTION REPORT

General Fund -State receipts were \$3.8 million above the estimate for the month based on the just completed November forecast (see Table 1). Lottery transfers to the General Fund and unclaimed property transfers to the General Fund accounted for the higher than expected receipts. Most major revenue sources were pretty close to the estimate for the month. Revenue Act (retail sales, use, business and occupation and public utility taxes) taxes were only \$166,000 more than expected this period. Economic data continues to indicate that the economy is slowing as expected. U.S. non-farm payrolls increased moderately and the unemployment rate rose to 4.0 percent in November. Weakness in consumer confidence and the U.S. index of leading indicators support the outlook for weaker growth. Overall, both economic and revenue growth appear to be on track with the November forecast.

Revenue Act collections this period (primarily October 2000 business activity) were up 4.4 percent (adjusting for special factors). Although growth this month is a little better than last month's 4.0 percent increase, it is below trend and is the fifth consecutive month of growth less than 5.0 percent. Revenue Act growth for the first four months of fiscal 2001 has averaged only 4.0 percent, well below 7.4 percent average increase during the last six months of fiscal 2000.

Preliminary data on excise tax payments in the October 11 – November 10 collection period were mixed. The retailing sector was again weak, with only a 4.1 percent year-over-year increase in total tax payments. This was despite a double-digit increase in the furniture and household appliance sector. The general merchandise, miscellaneous retailing and building materials/hardware sectors were especially weak. Outside retailing, the construction and service sectors reported above average growth in tax payments while the manufacturing and the transportation/utilities/communication sectors reported weaker than average payments.

Other General Fund taxes collected by the Department of Revenue were \$1.1 million above expectations for the month of October. A little stronger than expected unclaimed property transfers (included in the "other" category in Table 1), cigarette tax, and real estate excise activity more than offset weaker than expected timber excise, property, estate tax, and liquor taxes. Real estate excise activity improved a little last month, with October closings (reflecting real estate excise tax payments to the state in November) 1.3 percent above the year-ago level. This follows last month's 7.2 percent decline. Despite the increase, activity is still 1.3 percent below the year-ago level cumulatively since January.

Other Agencies' General Fund collections were \$2.5 million more than expected in November. The Department of Licensing General Fund collections were virtually right on the estimate for the month. The Lottery's General Fund deposits were \$2.5 million above the November estimate reflecting stronger sales in late October and early November. The attached Table 1 provides a comparison of collections with estimates for the current midmonth period, November 11 - December 10, and cumulatively since our last forecast. The cumulative variance since the last forecast shown in Table 1 is virtually the same as the variance for the current month because the monthly estimates based on the November forecast reflect actual collections through November 10, 2000. Table 2 compares revised collection figures to the preliminary numbers reported in last month's collection report.

**TABLE 1**  
**Revenue Collection Report**  
**December 10, 2000 Collections Compared to the November 2000 Forecast**  
**Thousands of Dollars**

| <u>Period/Source</u>  | <u>Estimate*</u> | <u>Actual</u>    | <u>Difference</u> |                |
|---|------------------|------------------|-------------------|----------------|
|   |                  |                  | <u>Amount</u>     | <u>Percent</u> |
| <b>November 11 - December 10, 2000</b>  |                  |                  |                   |                |
| Department of Revenue-Total   | \$986,882        | \$988,169        | \$1,287           | 0.1%           |
| Revenue Act** (1)   | 610,640          | 610,806          | 166               | 0.0%           |
| Non-Revenue Act(2)  | 376,242          | 377,362          | 1,120             | 0.3%           |
| Liquor Sales/Liter  | 7,220            | 6,870            | (350)             | -4.8%          |
| Cigarette   | 5,157            | 5,295            | 138               | 2.7%           |
| Property (State School Levy)  | 293,631          | 292,930          | (700)             | -0.2%          |
| Estate  | 8,967            | 8,165            | (803)             | -9.0%          |
| Real Estate Excise  | 33,309           | 33,554           | 244               | 0.7%           |
| Timber (state share)  | 4,340            | 4,208            | (132)             | -3.0%          |
| Other   | 23,618           | 26,341           | 2,724             | 11.5%          |
| Department of Licensing (2)   | 471              | 495              | 24                | 5.1%           |
| Lottery (2)   | 5,743            | 8,230            | 2,488             | 43.3%          |
| <b>Total General Fund-State***</b>  | <b>\$993,096</b> | <b>\$996,894</b> | <b>\$3,799</b>    | <b>0.4%</b>    |
| <b>Cumulative Variance Since the November Forecast (November 11 - December 10, 2000)3</b> |                  |                  |                   |                |
| Department of Revenue-Total   | \$986,882        | 988,169          | 1,287             | 0.1%           |
| Revenue Act** (3)   | 610,640          | 610,806          | 166               | 0.0%           |
| Non-Revenue Act(4)  | 376,242          | 377,362          | 1,120             | 0.3%           |
| Liquor Sales/Liter  | 7,220            | 6,870            | (350)             | -4.8%          |
| Cigarette   | 5,157            | 5,295            | 138               | 2.7%           |
| Property (State School Levy)  | 293,631          | 292,930          | (700)             | -0.2%          |
| Estate  | 8,967            | 8,165            | (803)             | -9.0%          |
| Real Estate Excise  | 33,309           | 33,554           | 244               | 0.7%           |
| Timber (state share)  | 4,340            | 4,208            | (132)             | NA             |
| Other   | 23,618           | 26,341           | 2,724             | 11.5%          |
| Department of Licensing (4)   | 471              | 465              | (6)               | -1.2%          |
| Lottery (4)   | 5,743            | 8,230            | 2,488             | 43.3%          |
| <b>Total General Fund-State***</b>  | <b>\$993,096</b> | <b>\$996,865</b> | <b>\$3,769</b>    | <b>0.4%</b>    |

1 Collections November 11 - December 10, 2000. Collections primarily reflect October 2000 activity of monthly taxpayers.

2 November 1-30, 2000 collections.

3 Cumulative collections, estimates and variance since the November forecast; (Nov. 11- December 10, 2000) and revisions to history.

4 Cumulative collections, estimates and variance since the November forecast; (November 2000) and revisions to history.)

\* Based on the November 2000 economic and revenue forecast.

\*\*The Revenue Act consists of the retail sales, B&O, use, public utility, tobacco products taxes, and penalty and interest.

\*\*\* Detail may not add due to rounding. The General Fund-State total in this report includes only collections from larger state agencies: the Department of Revenue, the Department of Licensing and the Lottery Commission, about 97% of total General Fund-State.

**TABLE 2**  
**November 10, 2000 Collection Report - Revised Data**  
**Thousands of Dollars**

| <u>Period/Source</u>                  | <u>Collections</u> |                | <u>Difference</u> |                |
|---------------------------------------|--------------------|----------------|-------------------|----------------|
|                                       | <u>Preliminary</u> | <u>Revised</u> | <u>Amount</u>     | <u>Percent</u> |
| <b>October 11 - November 10, 2000</b> |                    |                |                   |                |
| Department of Revenue-Total           | \$922,007          | \$922,007      | (\$0)             | -0.0%          |
| Revenue Act (1)                       | 814,901            | 814,901        | 0                 | 0.0%           |
| Non-Revenue Act(2)                    | 107,106            | 107,106        | (0)               | -0.0%          |
| Liquor Sales/Liter                    | 7,050              | 7,050          | (0)               | -0.0%          |
| Cigarette                             | 6,382              | 6,382          | (0)               | -0.0%          |
| Property (State School Levy)          | 32,839             | 32,839         | 0                 | 0.0%           |
| Estate                                | 9,397              | 9,397          | (0)               | -0.0%          |
| Real Estate Excise                    | 33,338             | 33,338         | (0)               | -0.0%          |
| Timber (state share)                  | 0                  | 0              | 0                 | NA             |
| Other                                 | 18,100             | 18,100         | (0)               | -0.0%          |
| Department of Licensing (2)           | 608                | 608            | (0)               | -0.1%          |
| Lottery (2)                           | 43,070             | 43,070         | 0                 | 0.0%           |
| Total General Fund-State***           | \$965,684          | \$965,684      | \$0               | 0.0%           |

**Cumulative Receipts: September 11 - November 10, 2000 & Revisions to History**

|                                    |                  |                    |                |              |
|------------------------------------|------------------|--------------------|----------------|--------------|
| Department of Revenue-Total        | 1,639,385        | \$1,639,385        | \$0            | 0.0%         |
| Revenue Act (3)                    | 1,461,397        | 1,461,397          | 0              | 0.0%         |
| Non-Revenue Act(4)                 | 177,988          | 177,988            | 0              | 0.0%         |
| Liquor Sales/Liter                 | 14,554           | 14,554             | (0)            | -0.0%        |
| Cigarette                          | 12,371           | 12,371             | (0)            | -0.0%        |
| Property (State School Levy)       | 39,119           | 39,119             | 0              | 0.0%         |
| Estate                             | 17,769           | 17,769             | 0              | 0.0%         |
| Real Estate Excise                 | 71,987           | 71,987             | 0              | 0.0%         |
| Timber (state share)               | 0                | 0                  | 0              | NA           |
| Other                              | 22,188           | 22,188             | 0              | 0.0%         |
| Department of Licensing (4)        | 1,728            | 1,306              | (422)          | -24.4%       |
| Lottery (4)                        | 49,954           | 49,954             | 0              | 0.0%         |
| <b>Total General Fund-State***</b> | <b>1,691,068</b> | <b>\$1,690,646</b> | <b>(\$422)</b> | <b>-0.0%</b> |

P-Preliminary. Reported in the November 10, 2000 collection report.

R Revised data.

1 Collections October 11 - November 10, 2000. Collections primarily reflect ASeptember 2000 business activity of monthly taxpayers and July-Sept. activity of quarterly filers.

2 October 1-31, 2000 collections.

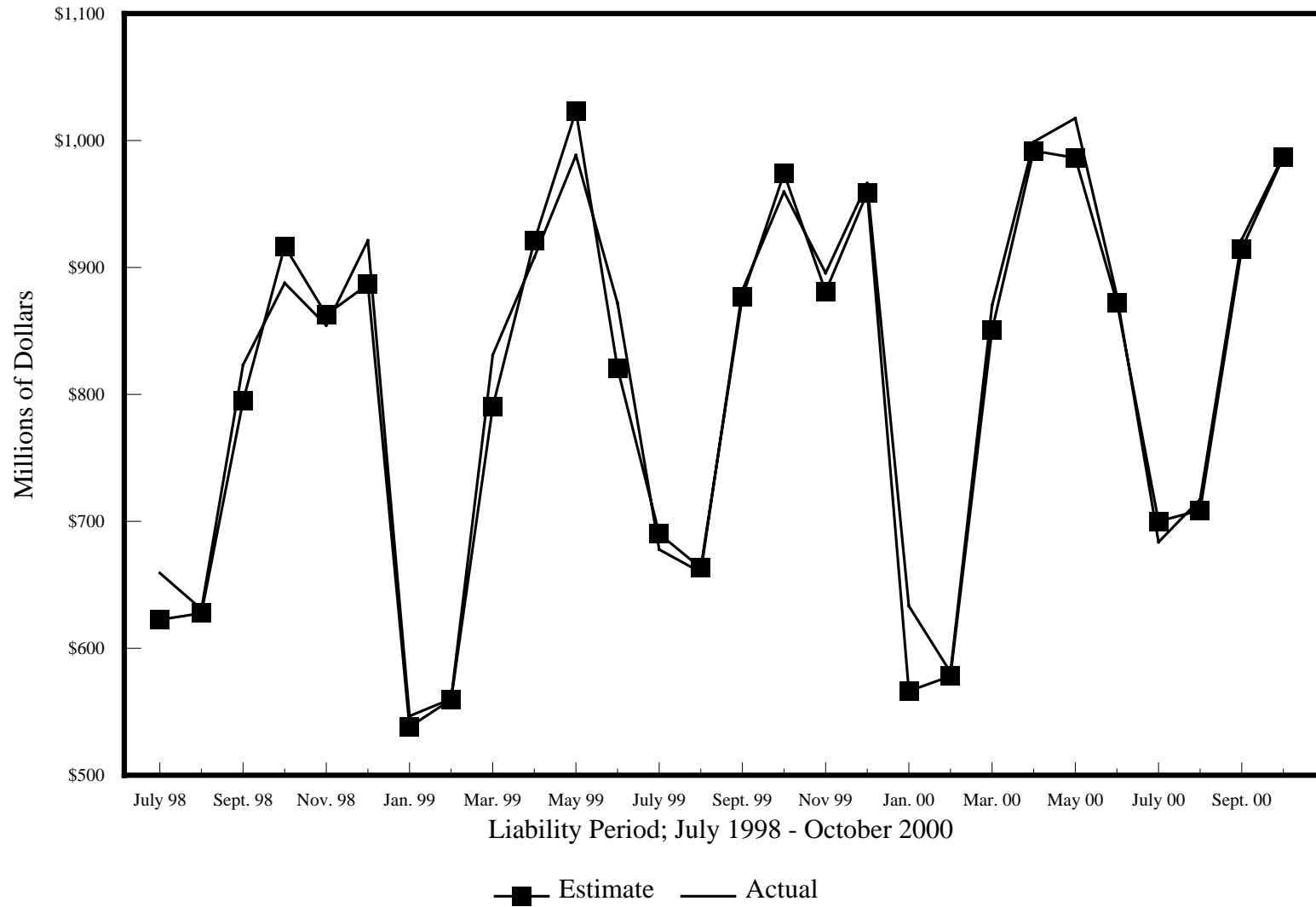
3 Cumulative variance for since the September forecast: Sept. 11 - November 10,2000 & revisions to history.

4 Cumulative variance: since the September forecast (September & Oct. 2000 ) & revisions to history.

\* Revenue consists of the retail sales, B&O, use, public utility and tobacco products taxes, and penalty and interest payments for these taxes.

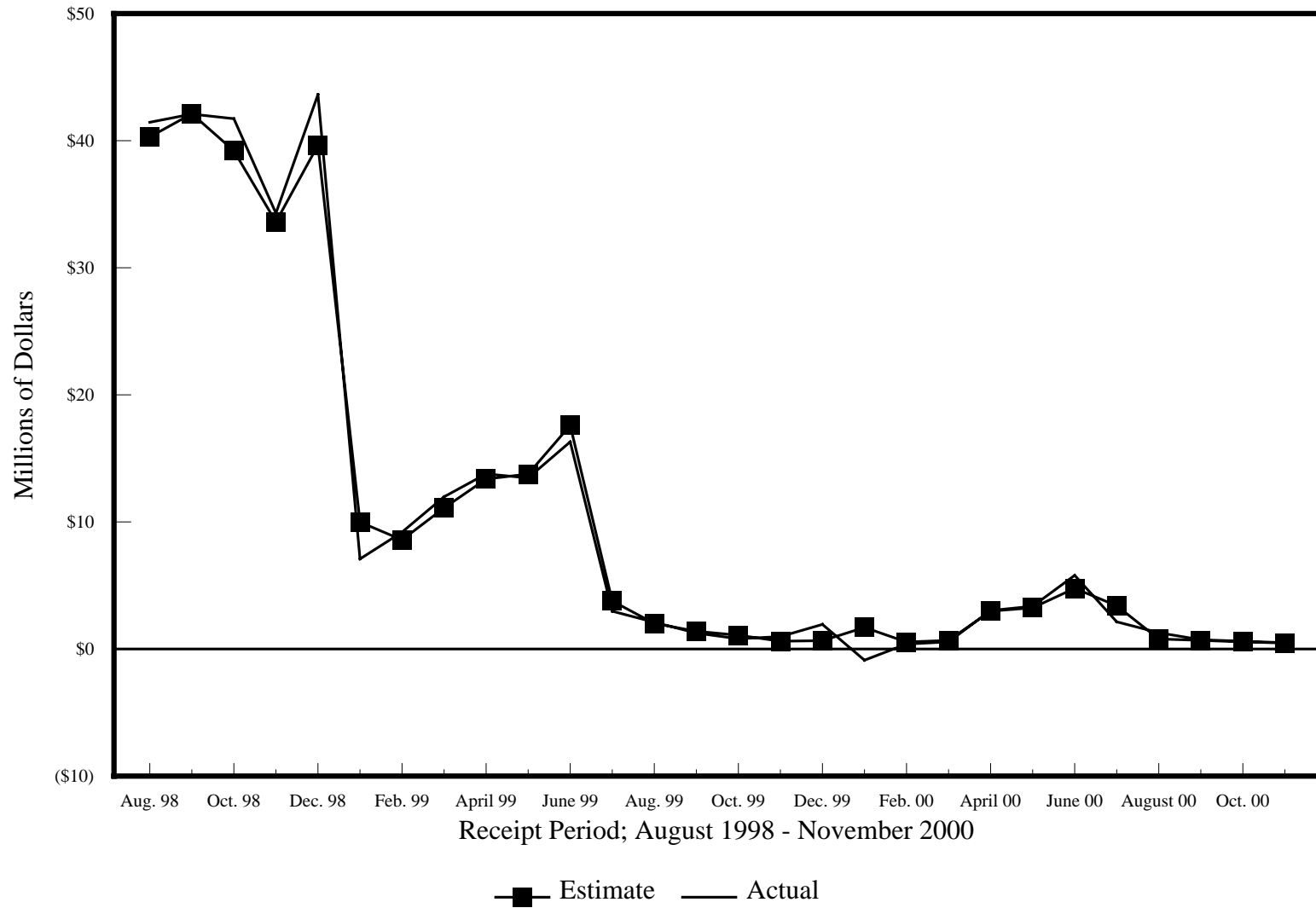
# Department of Revenue: General Fund-State, Actual vs. Estimate

July 98 to October 2000



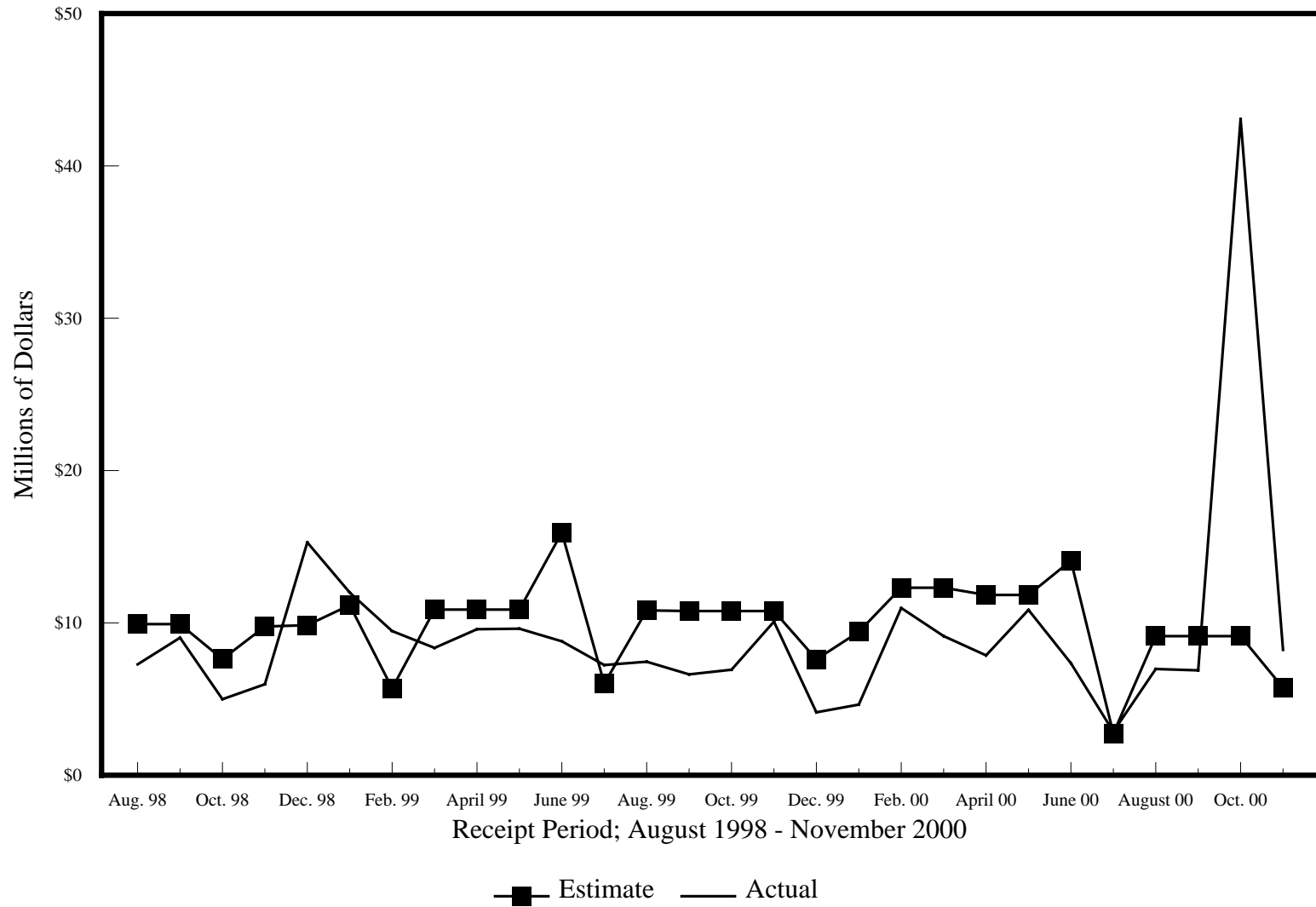
# Department of Licensing General Fund-State, Actual vs. Estimate

August 98 to November 2000



# Lottery Transfers to the General Fund, Actual vs. Estimate

August 98 to November 2000



# Revenue Act Net Collections

Year-over-Year Percent Change

